

full
**COLUMBIA
METALS
CORPORATION
LIMITED**

Annual Report

DECEMBER 31, 1969

Columbia Metals Corporation Limited

OFFICERS

GRAHAM H. DUFF, Toronto, Ontario, *President*
WALTER W. FISHER, Toronto, Ontario, *Vice-President*
GEORGE D. PATTISON, R.R. No. 2, Aurora, Ontario,
Secretary-Treasurer
DONALD A. HUMBY, Clarkson, Ontario
Assistant Secretary-Treasurer

DIRECTORS

GRAHAM H. DUFF, Toronto, Ontario
ROBERT A. DYE, Toronto, Ontario
HAROLD S. CHAPLIN, Q.C., Toronto, Ontario
WALTER FISHER, Toronto, Ontario
V. S. RISTIC, Toronto, Ontario

HEAD OFFICE

34 Adelaide Street West, Toronto 105, Ontario

EXECUTIVE OFFICE

Suite 209, 185 Bay Street, Toronto 116, Ontario

FIELD OFFICE

Ferguson, British Columbia

REGISTRAR AND TRANSFER AGENT

CANADA PERMANENT TRUST COMPANY
1901 Yonge Street, Toronto, Ontario
and
400 Burrard Street, Vancouver, British Columbia

BANKERS

CANADIAN IMPERIAL BANK OF COMMERCE, Toronto, Ontario

AUDITORS

THORNE, GUNN, HELLIWELL & CHRISTENSON
Toronto, Ontario

Columbia Metals Corporation Limited

DIRECTORS' REPORT

To the Shareholders:

Presented with this report are the financial statements of your Company for the year ended December 31, 1969 with Auditors' Report dated February 2, 1970.

During 1969 the Company's main efforts were directed towards the preparation for production of its silver-lead-zinc property near Ferguson, British Columbia.

After the establishment of a temporary base camp in the early summer, work proceeded to verify data contained in previous studies and a program of surveying, geological mapping and sampling was carried out on the True Fissure section of the property. Sampling of the second and third levels, including check samples where necessary, indicates that on the second level a length of 349 feet of ore occurs with an average width of 9 feet and an average grade of 10.54 oz. of silver per ton, 7.08% lead and 8.50% zinc; and on the third level a length of 170 feet with an average width of 6.2 feet and an average grade of 4.55 oz. silver per ton, 3.89% lead and 4.76% zinc. A survey was extended to include the upper level of the adjoining Blue Bell workings.

In addition a start was made on surveying and mapping the indicated extension of the True Fissure Zone. The "new showing" was re-examined and chunks of argentiferous galena were revealed by bulldozing in a gouge zone. A chip sample, 4.9 feet in width taken across a vein on the Northern Light claim, assayed 1.24 ozs. gold and 16.4 ozs. silver per ton.

Equipment for a 125 ton per day mill was purchased in the late summer at a very reasonable price and was reconditioned and shipped to the property. It is planned to install the mill underground and the Morgan crosscut has been slashed out for its entire length of 740 feet to permit this installation.

Metallurgical test work conducted on bulk samples of the ore show that a satisfactory grade of lead and zinc concentrates can be produced. The tests indicate that 80% of the lead and 90% of the silver can be recovered in a lead concentrate and 71% of the zinc recovered in a zinc concentrate. The lead concentrate is also indicated to contain 0.46 ozs. of gold per ton.

Considerable study was made to design the concentrator flow sheet and to determine the most economical mining methods. An open pit design has now been prepared and bids obtained from contractors for this work.

It was expected that production would commence during the spring of 1970, but as work progressed it was found that existing data contained insufficient information, particularly with respect to metallurgy and mining methods, and it was impossible to maintain the expected schedule. Substantial costs not originally contemplated were incurred to obtain the required information.

It is now estimated that an additional amount of \$650,000 is required to bring the property into production. One of the major contributing cost elements was the alteration of the mining method from an underground operation to a combination of open pit and underground mining which will reduce operating costs and increase efficiency.

Negotiations to raise the required finances are in progress, as well as negotiations for the sale of concentrates. It is anticipated that such negotiations will be successfully finalized in the near future.

Preliminary exploration work was carried out on the Company's Sett Group of claims located in the Highland Valley area of British Columbia. Negotiations are now in progress with other mining companies to arrange for a further exploration program.

In view of the decline in interest in uranium and the lack of success generally of exploration work conducted by others in the Mont Laurier area of Quebec, the Company's claims in the Mont Laurier area have been allowed to lapse.

The shares of your Company were listed for trading on The Toronto Stock Exchange on February 16, 1970.

Your Board of Directors would like to express its appreciation to the Company's employees for their efforts during the past year.

On behalf of the Board,

GRAHAM H. DUFF,
President.

Toronto, Ontario,
June 11, 1970.

Columbia Metals Corporation Limited

(Incorporated under the laws of Ontario)

BALANCE SHEET — DECEMBER 31, 1969

(with comparative figures at December 31, 1968)

| ASSETS | | |
|--|---------------------------|--------------------------|
| | 1969 | 1968 |
| Current Assets | | |
| Cash including term deposits | \$ 17,344 | \$ 118,153 |
| Prepaid expenses | 2,059 | 556 |
| | <u>19,403</u> | <u>118,709</u> |
| Funds Held for Construction | | |
| Cash including term deposits held for mill construction (note 1) | <u>190,000</u> | |
| Fixed Assets | | |
| Mining claims (note 2) | 111,422 | 104,622 |
| Buildings and equipment, at cost less amount written off (note 3) | 185,822 | 84,601 |
| | <u>297,244</u> | <u>189,223</u> |
| Deferred Expenditures | | |
| Exploration, development and administrative expenditures | 781,443 | 606,453 |
| Organization expense | 4,920 | 4,920 |
| | <u>786,363</u> | <u>611,373</u> |
| | <u><u>\$1,293,010</u></u> | <u><u>\$ 919,305</u></u> |
| LIABILITIES | | |
| Current Liabilities | | |
| Accounts payable and accrued liabilities | <u>\$ 48,298</u> | <u>\$ 4,593</u> |
| Non-Current Liabilities | | |
| Advances by Yellowknife Bear Mines Limited, repayable only out of production, and due by instalments equal to 10% of net smelter receipts (note 4) | <u>383,462</u> | <u>383,462</u> |
| SHAREHOLDERS' EQUITY | | |
| Capital Stock (note 5) | | |
| Authorized — 4,000,000 shares of \$1 each | | |
| Issued — 3,309,836 shares (1968 — 2,876,504 shares) | 3,309,836 | 2,876,504 |
| Less discount | 2,272,186 | 2,168,854 |
| | <u>1,037,650</u> | <u>707,650</u> |
| Deficit (unchanged during 1969 and 1968) | <u>176,400</u> | <u>176,400</u> |
| | <u>861,250</u> | <u>531,250</u> |
| | <u><u>\$1,293,010</u></u> | <u><u>\$ 919,305</u></u> |

Approved by the Board,

GRAHAM H. DUFF, Director.

WALTER W. FISHER, Director.

Columbia Metals Corporation Limited

STATEMENT OF SOURCE AND APPLICATION OF FUNDS

Year Ended December 31, 1969

(with comparative figures for 1968)

| | 1969 | 1968 |
|--|-------------------|-------------------|
| Source of funds | | |
| Capital stock issued for cash | \$ 330,000 | \$ 190,000 |
| Application of funds | | |
| Excess of expenditures over interest received for the year | 193,490 | 154,506 |
| Purchase of equipment (net) | 82,721 | 7,719 |
| Purchase of mining claims | 6,800 | |
| | <u>283,011</u> | <u>162,225</u> |
| Increase in funds held* | 46,989 | 27,775 |
| Funds held* at beginning of year | 114,116 | 86,341 |
| Funds held* at end of year | <u>\$ 161,105</u> | <u>\$ 114,116</u> |

* Funds held consist of current assets and funds held for construction, less current liabilities.

AUDITORS' REPORT

To the Shareholders of
COLUMBIA METALS CORPORATION LIMITED

We have examined the balance sheet of Columbia Metals Corporation Limited as at December 31, 1969 and the statements of exploration, development and administrative expenditures deferred, and source and application of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these financial statements present fairly the financial position of the company as at December 31, 1969 and the results of its operations and the source and application of its funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Toronto, Canada,
February 2, 1970.

THORNE, GUNN, HELLIWELL & CHRISTENSON,
Chartered Accountants.

Columbia Metals Corporation Limited

STATEMENT OF EXPLORATION, DEVELOPMENT AND ADMINISTRATIVE EXPENDITURES DEFERRED

Year Ended December 31, 1969

(with comparative figures for 1968)

| | 1969 | 1968 |
|---|-------------------|-------------------|
| Exploration and development expenditures | | |
| Wages | \$ 32,295 | \$ 32,788 |
| Board and lodging | 5,634 | 5,128 |
| Diamond drilling | | 12,290 |
| Road construction and maintenance | 36,428 | 22,478 |
| Geophysical survey | | 3,518 |
| General expense at the property | 2,115 | 4,141 |
| Haulage, equipment rental, tools and repairs | 27,430 | 26,540 |
| Assaying | 4,585 | 776 |
| Local transportation | 6,887 | 3,457 |
| Engineering salaries and expenses | 51,017 | 14,865 |
| Insurance | 969 | 898 |
| Taxes, licenses and water rights rentals | 2,029 | 655 |
| Other exploration expenditures | 867 | 1,081 |
| | <u>170,256</u> | <u>128,615</u> |
| Administrative and other expenditures | | |
| Administrative salaries | 4,300 | 4,550 |
| Directors' fees | 1,400 | |
| Travelling | 5,868 | 5,204 |
| Legal fees and expenses | 2,910 | 5,328 |
| Accounting and audit fees | 4,063 | 3,000 |
| Shareholders' information | 7,359 | 5,468 |
| Transfer agent and registrar fees | 1,805 | 1,912 |
| Stock listing expense | 1,600 | 250 |
| Telephone and telegraph | 1,176 | 1,150 |
| Miscellaneous expenses | 605 | 661 |
| | <u>31,086</u> | <u>27,523</u> |
| | 201,342 | 156,138 |
| Deduct interest received | 7,852 | 1,632 |
| Expenditures (net) for the year | 193,490 | 154,506 |
| Deduct equipment rentals paid in prior years transferred to equipment on purchase | 18,500 | |
| | <u>174,990</u> | <u>154,506</u> |
| Expenditures deferred at beginning of year | 606,453 | 451,947 |
| Expenditures deferred at end of year | <u>\$ 781,443</u> | <u>\$ 606,453</u> |

Columbia Metals Corporation Limited

NOTES TO FINANCIAL STATEMENTS

December 31, 1969

1. FUNDS HELD FOR CONSTRUCTION

The company has agreed to set aside \$190,000 of the proceeds from issue of capital stock to be used exclusively for installation of the mill at Ferguson, British Columbia.

2. MINING CLAIMS

Claims held under Crown grant and miner's certificate in the Kootenay District, British Columbia, at cost, consisting of \$61,870 cost to predecessor company, \$15,251 cash paid by the company and 275,000 shares of capital stock issued at 10¢ per share \$ 104,622

Purchased in 1969

Unpatented claims in the Joliette Township, Quebec, acquired for cash 2,000

Unpatented claims in the District of Kamloops, British Columbia acquired for cash and a royalty of 5% of the net profits from commercial production from the mining claims 4,800

\$ 111,422

3. BUILDINGS AND EQUIPMENT

Buildings and equipment costing \$370,564 were written down to \$30,000 at June 30, 1963 in recognition of the physical deterioration which had occurred over a period of years. From June 30, 1963 to December 31, 1969 expenditures on purchase of equipment have amounted to \$155,822.

4. ADVANCES BY YELLOWKNIFE BEAR MINES LIMITED

Under an agreement with Yellowknife Bear Mines Limited dated January 26, 1953, the company's liabilities under its mortgages and notes were reduced to the amount paid by Yellowknife Bear Mines Limited to acquire the obligations and Yellowknife Bear Mines Limited undertook certain exploration work upon the company's properties. Amounts expended by Yellowknife Bear Mines Limited in acquiring such obligations and in exploration are to be repaid, without interest, commencing upon bringing the property into production.

5. CAPITAL STOCK

During the year ended December 31, 1969 433,332 shares of the company's capital stock were issued for \$330,000 cash (1968 — 300,000 shares for \$190,000 cash).

6. OTHER STATUTORY INFORMATION

Remuneration of directors and senior officers (as defined by The Corporations Act) amounted to \$21,117 in 1969 and \$32,955 in 1968.

